

FISCAL NOTE

Bill #: SB0297

Title: Remove ethanol production incentive payment from highway funds

Primary Sponsor: Bob DePratu

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:	\$0	\$0
Revenue:		
General Fund	\$0	(\$1,500,000)
State Special Revenue	\$0	\$1,500,000
Net Impact on General Fund Balance:	\$0	(\$1,500,000)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Transportation:

1. Alcohol production will not begin until November 2000. Therefore, approximately half of the fiscal year the company will be eligible for refunds. By statute, the maximum amount any one company can receive in a year is \$3 million. The maximum the company will be eligible to receive is \$1,500,000 (\$3,000,000 / 2).
2. There will only be one business participating in the program during the 2000 – 2001 biennium.
3. The business will adhere to their current business plan.

(continued)

Department of Revenue:

4. The bill proposes to move the funding for the alcohol tax incentive payment, which is given to Montana producers of alcohol used for blending with gasoline, out of the highway trust fund to the general fund.
5. In addition to moving the funding for the alcohol tax incentive payment from the highway trust fund to the general fund, the bill moves the authorization to make the payment from the Department of Transportation to the Department of Revenue.
6. There are no alcohol tax incentive payments expected for FY 2000.
7. Only one alcohol tax incentive payment of \$1,500,000 is expected for FY 2001.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Department of Transportation:		
<u>Expenditures:</u>	\$0	\$0
<u>Revenues:</u>		
State Special Revenue (02)	\$0	\$1,500,000
Department of Revenue:		
<u>Expenditures:</u>	\$0	\$0
<u>Revenues:</u>		
General Fund (01)	\$0	(\$1,500,000)
Statewide:		
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$0	(\$1,500,000)
State Special Revenue (02)	0	\$1,500,000

LONG-RANGE IMPACTS:

The amount of tax incentives given is expected to increase to \$3,000,000 per fiscal year for the period FY 2002 through FY 2005.